

INTERNATIONAL SPIRITS & BEVERAGE GROUP, INC.
(Formerly FIMA, INC.) (A Nevada Corporation)

FINANCIAL STATEMENTS
For the Three and Six Months Ended June 30, 2018 and 2017

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INTERNATIONAL SPIRIT & BEVERAGE GROUP, INC. (Formerly Fima, Inc.)

**Balance Sheets
(Unaudited)**

	<u>June 30, 2018</u>	<u>December 31, 2017</u>
ASSETS		
Current assets:		
Cash	\$ 82,134	\$ -
Inventory	31,338	31,338
Prepaid expense	<u>-</u>	<u>-</u>
Total current assets	<u>113,472</u>	<u>31,338</u>
Property and equipment, net	4,951	4,390
Total assets	<u><u>\$ 118,423</u></u>	<u><u>\$ 35,728</u></u>
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities		
Cash in excess of available funds	\$ -	\$ 254
Accounts payable	73,478	76,653
Accrued expenses	198,294	149,181
Settlement liability	66,500	66,500
Deferred revenues	60,000	60,000
Convertible notes payable, net of discount	825,183	844,619
Due to related party	14,862	9,000
Derivative liability	<u>3,470,703</u>	<u>837,272</u>
Total current liabilities	<u>4,709,020</u>	<u>2,043,479</u>
Stockholders' equity (deficit):		
Convertible series A preferred stock, \$0.001 par value, no shares authorized, no shares issued and outstanding	-	-
Convertible series B preferred stock, \$0.001 par value, 100,000 shares authorized, no shares issued and outstanding	-	-
Series E preferred stock, \$0.001 par value, 1,000,000 shares authorized, 1,000,000 shares issued and outstanding	1,000	1,000
Common stock, \$0.001 par value, 200,000,000 shares authorized, 49,686,760 and 28,991,694 shares issued and outstanding at June 30, 2018 and December 31, 2017, respectively	49,686	28,992
Additional paid-in capital	5,399,744	5,077,026
Subscriptions payable, consisting of 11,441,199 and 58,362 shares at June 30, 2018 and December 31, 2017, respectively	313,556	-
Accumulated deficit	<u>(10,354,583)</u>	<u>(7,114,769)</u>
Total stockholders' equity (deficit)	<u>(4,590,597)</u>	<u>(2,007,751)</u>
Total liabilities and stockholders' equity (deficit)	<u><u>\$ 118,423</u></u>	<u><u>\$ 35,728</u></u>

The accompanying notes are an integral part of these financial statements.

INTERNATIONAL SPIRIT & BEVERAGE GROUP, INC. (Formerly Fima, Inc.)
Statements of Operations

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2018	2017	2018	2017
Revenue	-	\$ 24,020	-	\$ 27,620
Cost of Goods Sold	-	11,928	-	13,724
Gross profit	-	12,092	-	13,896
Operating expenses:				
General and administrative	77,283	142,995	111,697	204,263
Compensation	24,130	43,278	24,130	80,219
Professional fees	47,578	14,949	66,337	109,254
Technology development	30,200	-	30,200	-
Depreciation	482	458	939	915
Total operating expenses	179,673	201,680	233,303	394,651
Net operating loss	(179,673)	(189,588)	(233,303)	(380,755)
Other income (expense):				
Interest income (expense), net	(33,799)	(70,045)	(76,618)	(113,559)
Gain (loss) on conversion of notes payable	(77,784)	-	(77,784)	-
Change in derivative liabilities	(2,414,415)	362,045	(2,863,360)	(52,601)
Other income (expense)	(1,819)	-	11,251	-
Total other income (expenses)	(2,527,817)	292,000	(3,006,511)	(166,160)
Net income (loss)	<u>\$ (2,707,490)</u>	<u>\$ 102,412</u>	<u>\$ (3,239,814)</u>	<u>\$ (546,915)</u>
Weighted average number of common shares outstanding - basic	<u>45,117,853</u>	<u>19,969,893</u>	<u>38,756,641</u>	<u>16,135,642</u>
Weighted average number of common shares outstanding - fully diluted	<u>45,117,853</u>	<u>89,925,252</u>	<u>38,756,641</u>	<u>16,135,642</u>
Net loss per share - basic and fully diluted	<u>\$ (0.06)</u>	<u>\$ 0.01</u>	<u>\$ (0.08)</u>	<u>\$ (0.03)</u>
Net loss per share - basic and fully diluted	<u>\$ (0.06)</u>	<u>\$ 0.00</u>	<u>\$ (0.08)</u>	<u>\$ (0.03)</u>

The accompanying notes are an integral part of these financial statements.

INTERNATIONAL SPIRIT & BEVERAGE GROUP, INC. (Formerly Fima, Inc.)
Statements of Cash Flows
(Unaudited)

	For the Six Months Ended June 30,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (3,239,814)	\$ (546,915)
Adjustments to reconcile net income (loss) to net cash used in operating activities::		
Depreciation	939	915
Amortization of debt discounts	37,371	44,028
Loss on conversion of notes payable	77,784	-
Revaluation of derivative liabilities	2,863,360	52,601
Stock based compensation	-	98,200
(Decrease) increase in assets:		-
Accounts receivable	-	3,600
Inventory	-	(38,968)
Prepaid expenses	-	750
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities		101,038
Accrued expenses	47,330	44,530
Checks drawn in excess of available funds	(254)	-
Deferred revenues	-	-
Net cash used in operating activities	<u>(213,284)</u>	<u>(240,221)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(1,500)	-
Net cash used in investing activities	<u>(1,500)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from office loan	5,862	-
Cash received for notes payable	-	267,500
Cash paid on principal of notes payable	(22,500)	-
Proceeds from the sale of common stock and subscriptions payable	313,556	-
Net cash provided by financing activities	<u>296,918</u>	<u>267,500</u>
NET CHANGE IN CASH	82,134	27,279
CASH AT BEGINNING OF PERIOD	<u>5,529</u>	<u>5,529</u>
CASH AT END OF PERIOD	<u><u>\$ 82,134</u></u>	<u><u>\$ 32,808</u></u>
SUPPLEMENTAL INFORMATION:		
Interest paid	<u>\$ -</u>	<u>\$ -</u>
Income taxes paid	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

NON-CASH INVESTING AND FINANCING ACTIVITIES:

Settlement of derivative liability	\$ 229,929	\$ 18,175
Value of shares issued for conversion of debt	\$ 35,699	\$ 320,868
Shares owed on subscriptions payable exchanged for convertible debt	\$ -	\$ 961,967
Discount due to derivative liability	\$ -	\$ 88,326
Shares cancelled	\$ -	\$ 392

The accompanying notes are an integral part of these financial statements.

International Spirits & Beverage Group, Inc.
(Formerly FIMA, Inc.)
Notes to Financial Statements

Note 1 – Basis of Presentation and Significant Accounting Policies

Business

International Spirits & Beverage Group, Inc. (“ISBG”) was formed under the laws of the State of Texas on September 12, 2014. In March 2015, ISBG merged with and into FIMA, Inc., a Nevada corporation, with FIMA, Inc. being the surviving entity. FIMA, Inc. then changed its corporate name to International Spirits and Beverage Group, Inc., and remains a Nevada corporation. (Formerly FIMA Development Incorporated, which was formed under the laws of the State of Nevada on September 18, 2006). On May 9, 2007 FIMA Development Incorporated entered into a “Share Exchange Agreement” with Fishing Buddy Inc. (FBI), another Nevada corporation. FIMA Development Incorporated agreed to sell all their shares to FBI in exchange for Nineteen Million Five Hundred Thousand (19,500,000) shares of FBI common stock. FBI, after acquiring the stock of FIMA Development Incorporated, then filed a Corporate Resolution and Certificate of Amendment with the State of Nevada on May 10, 2007 to change the Corporation’s name to FIMA, Inc. (the “Company” or “FIMA”). FIMA’s primary business was that of real estate development and acquisition, with a focus on resort regions in Central America and Mexico.

Basis of Presentation

Our consolidated financial statements are prepared using the accrual method of accounting as generally accepted in the United States of America (U.S. GAAP) and the rules of the Securities and Exchange Commission (SEC).

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company maintains cash balances in non-interest-bearing accounts, which do not currently exceed federally insured limits. For the purpose of the statements of cash flows, all highly liquid investments with an original maturity of three months or less are considered to be cash equivalents.

Inventories

Inventories are stated at the lower of cost or market value, using the first-in, first-out convention. Inventories consist of raw materials and finished goods. As of June 30, 2018 and December 31, 2017, the Company had inventories of \$31,338.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Equipment held under capital leases are stated at the present value of minimum lease payments less accumulated amortization.

Fair Value of Financial Instruments

Under FASB ASC 820-10-05, the Financial Accounting Standards Board establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. This Statement reaffirms that fair value is the relevant measurement attribute. The adoption of this standard did not have a material effect on the Company’s financial statements as reflected herein. The carrying amounts of cash, prepaid expenses and accrued expenses reported on the balance sheet are estimated by management to approximate fair value primarily due to the short-term nature of the instruments.

Basic and Diluted Loss Per Share

The basic net loss per common share is computed by dividing the net loss by the weighted average number of common shares outstanding. Diluted net loss per common share is computed by dividing the net loss adjusted on an “as if converted” basis, by the weighted average number of common shares outstanding plus potential dilutive securities. For the periods presented, potential dilutive securities had an anti-dilutive effect and were not included in the calculation of diluted net loss per common share.

International Spirits & Beverage Group, Inc.
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Revenue Recognition

Sales on fixed price contracts are recorded when services are earned, the earnings process is complete or substantially complete, and the revenue is measurable, and collectability is reasonably assured. Provisions for discounts and rebates to customers, estimated returns and allowances, and other adjustments are provided for in the same period the related sales are recorded. The Company defers any revenue from sales in which payment has been received, but the earnings process has not occurred. Amounts billed in advance of the period in which service is rendered are recorded as a liability under “Deferred revenues”.

Advertising and Promotion

All costs associated with advertising and promoting products are expensed as incurred. These expenses were \$19,239 and \$19,944 for the three months ended June 30, 2018 and 2017, respectively; advertising and promotion expense was \$21,569 and \$42,659 for the six months ended June 30, 2018 and 2017, respectively.

Stock-Based Compensation

Under FASB ASC 718-10-30-2, all share-based payments to employees, including grants of employee stock options, to be recognized in the income statement based on their fair values. Pro forma disclosure is no longer an alternative. The Company’s stock-based compensation expense was \$0 for the three months ended June 30, 2018 and 2017; stock based compensation expense was \$0 and \$98,200 for the six months ended June 30, 2018 and 2017, respectively.

Common Stock Split

On September 12, 2017 the company declared a reverse split of its common stock. The formula provided that every two hundred and fifty-five (255) issued and outstanding shares of common stock of the Corporation be automatically split into one (1) share of common stock. Except as otherwise noted, all share, option and warrant numbers have been restated to give retroactive effect to this split. All per share disclosures retroactively reflect post-split shares.

Income Taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. A valuation allowance is provided for significant deferred tax assets when it is more likely than not, that such asset will not be recovered through future operations.

Uncertain Tax Positions

In accordance with ASC 740, “Income Taxes” (“ASC 740”), the Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be capable of withstanding examination by the taxing authorities based on the technical merits of the position. These standards prescribe a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. These standards also provide guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition.

Various taxing authorities periodically audit the Company’s income tax returns. These audits include questions regarding the Company’s tax filing positions, including the timing and amount of deductions and the allocation of income to various tax jurisdictions. In evaluating the exposures connected with these various tax filing positions, including state and local taxes, the Company records allowances for probable exposures. A number of years may elapse before a particular matter, for which an allowance has been established, is audited and fully resolved. The Company has not yet undergone an examination by any taxing authorities.

The assessment of the Company’s tax position relies on the judgment of management to estimate the exposures associated with the Company’s various filing positions.

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Recent Accounting Pronouncements

In May 2017, the Financial Accounting Standards Board (“FASB”) issued Accounting Standard Update (“ASU”) 2017-09, *Compensation — Stock Compensation (Topic 718): Scope of Modification Accounting*. ASU 2017-09, which provides guidance about which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting in Topic 718. Per ASU 2017-9, an entity should account for the effects of a modification unless all the following are met: (1) the fair value (or calculated value or intrinsic value, if such an alternative measurement method is used) of the modified award is the same as the fair value (or calculated value or intrinsic value, if such an alternative measurement method is used) of the original award immediately before the original award is modified. If the modification does not affect any of the inputs to the valuation technique that the entity uses to value the award, the entity is not required to estimate the value immediately before and after the modification, (2) the vesting conditions of the modified award are the same as the vesting conditions of the original award immediately before the original award is modified, and (3) the classification of the modified award as an equity instrument or a liability instrument is the same as the classification of the original award immediately before the original award is modified. The current disclosure requirements in Topic 718 apply regardless of whether an entity is required to apply modification accounting under the amendments in ASU 2017-9. ASU 2017-9 is effective for public business entities for annual and interim periods in fiscal years beginning after December 15, 2017. Early adoption is permitted, including adoption in any interim period, for (1) public business entities for reporting periods for which financial statements have not yet been issued and (2) all other entities for reporting periods for which financial statements have not yet been made available for issuance. The amendments in this ASU should be applied prospectively to an award modified on or after the adoption date. The adoption of ASU 2017-9 is not expected to have a material impact on the Company’s financial statements or related disclosures.

No other new accounting pronouncements, issued or effective during the periods ended June 30, 2018 and December 31, 2017, have had or are expected to have a significant impact on the Company’s financial statements.

Note 2 – Going Concern

As shown in the accompanying financial statements, the Company has insufficient cash on hand, a working capital deficit of \$4,595,548 and incurred net losses from operations resulting in an accumulated deficit of \$10,354,583, and used \$213,284 of cash in operations during the six months ended June 30, 2018. These factors raise substantial doubt about the Company’s ability to continue as a going concern. The Company is currently seeking additional sources of capital to fund short term operations. The Company, however, is dependent upon its ability to secure equity and/or debt financing and there are no assurances that the Company will be successful; therefore, without sufficient financing it would be unlikely for the Company to continue as a going concern.

The financial statements do not include any adjustments that might result from the outcome of any uncertainty as to the Company’s ability to continue as a going concern. The financial statements also do not include any adjustments relating to the recoverability and classification of recorded asset amounts or amounts and classifications of liabilities that might be necessary should the Company be unable to continue as a going concern.

Note 3 – Related Parties

Settlement Agreement

In April of 2017, the Company entered into a settlement agreement with regard to disputed compensation owed to a former employee. Pursuant to the settlement agreement, the Company is to pay a total of \$72,000 over eight monthly payments of \$9,000 commencing on April 28, 2017. The Company President made a payment of \$9,000 on April 27, 2017, this amount is included in loan payable related party as of December 31, 2017. During 2017, seven of the payments were missed and the Company accrued an additional \$3,500 of late fee penalties in accordance with the agreement. The late fee penalties and settlement liability are included in accrued expenses as of June 30, 2018 and December 31, 2017. During the three months ended March 31, 2018, the Company made payments to the President in the net amount of \$9,650 on this loan; at March 31, 2018, the amount of \$4,090 remained under this loan. During the three months ended June 30, 2018, the Company accrued the amount of \$22,500 pursuant to the President’s employment agreement, and paid the President the amount of \$11,728 in cash and payments-in-kind. These amounts were netted with the \$4,090 due to the President under the loan; at June 30, 2018, the net amount of \$14,862 is due to the President. See “Due to related party”, below.

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Due to related party

The Company's President and Chief Executive Officer (the "President" has an employment contract which includes a salary in the amount of \$90,000 per year. The President had suspended the amounts due under this agreement in order to conserve the Company's cash. Effective April 1, 2018, the Company began to accrue the amount of \$7,500 per month under this employment agreement and as such accrued the amount of \$22,500 during the three months ended June 30, 2018. At March 31, 2018, the Company owed the President the amount of \$4,090 for a loan; see "Settlement Agreement" above. During the three months ended June 30, 2018, the Company paid the President cash and other payments-in-kind in aggregate amount of \$11,728. These amounts were netted with the loan, and the balance of \$14,862 is shown as due to related party on the Company's balance sheet at June 30, 2018.

Note 4 – Property and Equipment

Property and equipment, net consist of the following:

	June 30, 2018	December 31, 2017
Furniture and Equipment, 5-year useful life	\$ 10,649	\$ 9,149
	10,649	9,149
Less accumulated depreciation	5,698	4,759
Total interest expense	<u>\$ 4,951</u>	<u>\$ 4,390</u>

Depreciation expense was \$482 and \$458 and for the three months ended June 30, 2018 and 2017, respectively. Depreciation expense was \$939 and \$915 for the six months ended June 30, 2018 and 2017, respectively.

Note 5 – Fair Value of Financial Instruments

Under FASB ASC 820-10-5, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). The standard outlines a valuation framework and creates a fair value hierarchy in order to increase the consistency and comparability of fair value measurements and the related disclosures. Under GAAP, certain assets and liabilities must be measured at fair value, and FASB ASC 820-10-50 details the disclosures that are required for items measured at fair value.

The Company has certain financial instruments that must be measured under the new fair value standard. The Company's financial assets and liabilities are measured using inputs from the three levels of the fair value hierarchy. The three levels are as follows:

Level 1 - Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

Level 2 - Inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (e.g., interest rates, yield curves, etc.), and inputs that are derived principally from or corroborated by observable market data by correlation or other means (market corroborated inputs).

Level 3 - Unobservable inputs that reflect our assumptions about the assumptions that market participants would use in pricing the asset or liability.

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The following schedule summarizes the valuation of financial instruments at fair value on a recurring basis in the balance sheets as of June 30, 2018 and December 31, 2017, respectively:

Fair Value Measurements at June 30, 2018			
	Level 1	Level 2	Level 3
Assets			
Cash	\$ 82,134	\$ -	\$ -
Total assets	82,134	-	-
Liabilities			
Convertible note payable, net of discounts	-	824,183	-
Derivative liability	-	-	3,470,703
Total liabilities	-	824,183	3,470,703
	<u>\$ 82,134</u>	<u>\$ (824,183)</u>	<u>\$ (3,470,703)</u>
Fair Value Measurements at December 31, 2017			
	Level 1	Level 2	Level 3
Assets			
Cash	\$ -	\$ -	\$ -
Total assets	-	-	-
Liabilities			
Cash in excess of available funds	254	-	-
Convertible note payable, net of discounts	-	844,619	-
Officer loan	-	9,000	-
Derivative liability	-	-	837,272
Total liabilities	-	853,619	837,272
	<u>\$ (254)</u>	<u>\$ (853,619)</u>	<u>\$ (837,272)</u>

The fair values of our related party debts are deemed to approximate book value and are considered Level 2 inputs as defined by ASC Topic 820-10-35.

There were no transfers of financial assets or liabilities between Level 1, Level 2 and Level 3 inputs for the three and six months ended June 30, 2018 and the year ended December 31, 2017.

Note 6 – Deferred Revenues

Product sales are generally recognized upon shipment of product. However, the Company defers recognition of revenues from sales to stocking distributors until such distributors resell the related products to their customers. The Company has deferred recognition of revenues amounting to \$60,000 as of June 30, 2018 and December 31, 2017.

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Note 7 – Convertible Notes Payable

Convertible notes payable, as retroactively adjusted for the 1:255 stock split effective September 12, 2017, consist of the following at June 30, 2018 and December 31, 2017, respectively:

	<u>June 30, 2018</u>	<u>December 31, 2017</u>
On October 27, 2017, we entered into a Convertible Debenture with an individual investor (“Seventh Goodkin Note”). The Note bears interest at 10%, with a maturity date of Oct. 27, 2018, is convertible at the greater of a) 60% of the closing traded price upon notice of conversion or b) \$0.001 per share.	\$ 10,000	\$ 10,000
On October 6, 2017, we entered into a Convertible Debenture with an individual investor (“Thirteenth Post Oak Note”). The Note bears interest at 10%, with a maturity date of October 16, 2018, is convertible at the greater of a) 60% of the closing traded price upon the notice of conversion, or b) \$0.001 per share. The interest rate increases to 18% on default.	7,000	7,000
On September 20, 2017, we entered into a Convertible Debenture with an individual investor (“First Graham Note”). The Note bears interest at 10%, with a maturity date of September 20, 2018, is convertible at the greater of a) 60% of the closing traded price upon the notice of conversion, or b) \$0.001 per share. The interest rate increases to 18% on default.	2,400	2,400
On September 13, 2017, we entered into a Convertible Debenture with Post Oak, LLC (“Twelfth Post Oak Note”). The Note bears interest at 10%, with a maturity date of September 13, 2018, and is convertible at 60% of the lowest per share market value over the twenty (20) trading days preceding the conversion notice.	8,000	8,000

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On August 7, 2017, we entered into a Convertible Debenture with an individual investor ("Sixth Goodkin Note"). The Note bears interest at 10%, with a maturity date of August 7, 2018, is convertible at \$0.03 per share.	10,000	10,000
On July 14, 2017, we entered into a Convertible Debenture with an individual investor ("Fifth Goodkin Note"). The Note bears interest at 10%, with a maturity date of July 14, 2018, is convertible at \$0.03 per share.	7,500	7,500
On May 30, 2017, we entered into a Convertible Debenture with GPL Ventures, LLC ("Second GPL Note"). The Note bears interest at 5%, with a maturity date of May 30, 2018, and is convertible at the greater of a) 50% of the lowest traded price over the twenty (20) trading days preceding the conversion notice, or b) \$0.03 per share. The note carries liquidated damages of \$500 per day in the event of default. On June 6, principal in the amount of \$450 was converted into 980,383 shares of the Company's common stock. The Company recorded a loss in the amount of \$46,328 on this transaction.	49,550	50,000
On May 1, 2017, we entered into a Convertible Debenture with Post Oak, LLC ("Tenth Post Oak Note"). The Note bears interest at 10%, with a maturity date of May 1, 2018, and is convertible at 50% of the lowest per share market value over the fifteen (15) trading days preceding the conversion notice.	10,000	10,000
On April 29, 2017, we entered into a Convertible Debenture with Christopher Babinski ("First Babinski Note"). The Note bears interest at 10%, with a maturity date of April 29, 2018, and is convertible at 50% of the current trading bid price on the date of the conversion notice, not to exceed \$2.55 per share.	15,000	15,000
On April 20, 2017, we entered into a Convertible Debenture with Post Oak, LLC ("Ninth Post Oak Note"). The Note bears interest at 10%, with a maturity date of April 20, 2018, and is convertible at 50% of the lowest per share market value over the fifteen (15) trading days preceding the conversion notice.	7,500	7,500
On April 7, 2017, we entered into a Convertible Debenture with Post Oak, LLC ("Seventh Post Oak Note"). The Note bears interest at 10%, with a maturity date of April 7, 2018, and is convertible at 50% of the lowest per share market value over the fifteen (15) trading days preceding the conversion notice.	7,500	7,500

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On April 5, 2017, we entered into a Convertible Debenture with Post Oak, LLC ("Sixth Post Oak Note"). The Note bears interest at 10%, with a maturity date of April 5, 2018, and is convertible at 50% of the lowest per share market value over the fifteen (15) trading days preceding the conversion notice.	7,500	7,500
On March 27, 2017, we entered into a Convertible Debenture with Carriage Consulting Group ("Fifth CCG Note"). The Note bears interest at 10%, with a maturity date of March 27, 2018, and is convertible at the lesser of a) \$2.55 per share or b) 50% of the current bid price at the time of conversion, but not less than \$0.0255 per share. On June 14, 2018, the Company made a principal payment in the amount of \$7,500.	-	7,500
On March 23, 2017, we entered into a Convertible Debenture with Carriage Consulting Group ("Fourth CCG Note"). The Note bears interest at 10%, with a maturity date of March 23, 2018, and is convertible at the lesser of a) \$2.55 per share or b) 50% of the current bid price at the time of conversion, but not less than \$0.0255 per share. On June 12, the Company made a principal payment in the amount of \$15,000.	-	15,000
On March 21, 2017, we entered into a Convertible Debenture with an individual investor ("Fourth Goodkin Note"). The Note bears interest at 8%, with a maturity date of March 21, 2018, is convertible at the lesser of a) \$2.55 per share or b) 50% of the lowest bid price over the fifteen (15) trading days preceding the conversion notice.	4,000	4,000
On March 20, 2017, we entered into a Convertible Debenture with Carriage Consulting Group ("Third CCG Note"). The Note bears interest at 10%, with a maturity date of March 20, 2018, and is convertible at the lesser of a) \$2.55 per share or b) 50% of the current bid price at the time of conversion, but not less than \$0.0255 per share.	5,000	5,000
On March 11, 2017, we entered into a Convertible Debenture with BB Winks, LLC ("Ninth BB Winks Note"). The Note bears interest at 10%, with a maturity date of March 11, 2018, and is convertible at the lesser of a) \$2.55 per share or b) 60% of the current bid price at the time of conversion, but not less than \$0.0255 per share.	5,000	5,000
On March 13, 2017, we entered into a Convertible Debenture with Post Oak, LLC ("Fifth Post Oak Note"). The Note bears interest at 10%, with a maturity date of March 13, 2018, and is convertible at the lesser of a) \$2.55 per share or b) 50% of the lowest bid price over the fifteen (15) trading days preceding the conversion notice.	20,000	20,000
On March 2, 2017, we entered into a Convertible Debenture with Carriage Consulting Group ("Second CCG Note"). The Note bears interest at 10%, with a maturity date of March 2, 2018, and is convertible at the lesser of a) \$2.55 per share or b) 50% of the current bid price at the time of conversion, but not less than \$0.0255 per share. On May 2, 2018, principal and accrued interest in the amounts of \$5,000 and \$642, respectively, were converted into a total of 723,291 shares of common stock. The Company recorded a loss in the amount of \$31,456 on this transaction.	-	5,000
On February 28, 2017, we entered into a Convertible Debenture with an individual investor ("Third Pellicci Note"). The Note bears interest at 8%, with a maturity date of February 28, 2018, is convertible at the lesser of a) \$2.55 per share or b) 50% of the lowest bid price over the fifteen (15) trading days preceding the conversion notice.	5,000	5,000

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On February 27, 2017, we entered into a Convertible Debenture with Post Oak LLC ("Fourth Post Oak Note"). The Note bears interest at 10%, with a maturity date of February 27, 2018, and is convertible at the lesser of a) \$2.55 per share or b) 50% of the lowest bid price over the fifteen (15) trading days preceding the conversion notice.	36,000	36,000
On February 23, 2017, we entered into a Convertible Debenture with BB Winks, LLC ("Eighth BB Winks Note"). The Note bears interest at 10%, with a maturity date of February 23, 2018, and is convertible at the lesser of a) \$2.55 per share or b) 60% of the current bid price at the time of conversion, but not less than \$0.0255 per share.	7,500	7,500
On February 16, 2017, we entered into a Convertible Debenture with Detres Entertainment ("First Detres Note"). The Note bears interest at 10%, with a maturity date of February 16, 2018, and is convertible at the lesser of a) \$2.55 per share or b) 60% of the current bid price at the time of conversion, but not less than \$0.0255 per share or more than \$2.55 per share.	10,000	10,000
On February 13, 2017, we entered into a Convertible Debenture with Detres Entertainment ("Third Goodkin Note"). The Note bears interest at 10%, with a maturity date of February 13, 2018, and is convertible at the lesser of a) \$2.55 per share or b) 60% of the current bid price at the time of conversion, but not less than \$0.0255 per share or more than \$2.55 per share. On March 9, 2018, principal in the amount of \$7,500 was converted into 7,500,000 shares of common stock.	2,500	10,000
On February 6, 2017, we entered into a Convertible Debenture with Post Oak, LLC ("Third Post Oak Note"). The Note bears interest at 10%, with a maturity date of February 6, 2018, and is convertible at the lesser of a) \$2.55 per share or b) 50% of the lowest bid price over the fifteen (15) trading days preceding the conversion notice.	7,500	7,500
On January 24, 2017, we entered into a Convertible Debenture with BB Winks, LLC ("Seventh BB Winks Note"). The Note bears interest at 10%, with a maturity date of January 24, 2018, and is convertible at the lesser of a) \$2.55 per share or b) 60% of the current bid price at the time of conversion, but not less than \$0.0255 per share.	5,000	5,000
On January 5, 2017, we entered into a Convertible Debenture with an individual investor ("First Boehmer Note"). The Note bears interest at 8%, with a maturity date of January 5, 2018, is convertible at 50% of the lowest traded Price over the ten (10) trading days preceding the conversion notice. On January 12, 2018 principal in the amount of \$5,000 and accrued interest in the amount of \$750 was converted into 2,875,000 shares of common stock.	-	5,000

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On December 13, 2016, we entered into a Convertible Debenture with an individual investor ("Second Goodkin Note"). The Note bears interest at 8%, with a maturity date of December 13, 2017, is convertible at 50% of the lowest traded price over the ten (10) trading days preceding the conversion notice.	7,000	7,000
On July 20, 2016, we entered into a Convertible Debenture with LOMA Management Partners ("Fourth LOMA Note"). The Note bears interest at 10%, with a maturity date of July 20, 2017, and is convertible at the lesser of a) \$2.55 per share or b) 50% of the lowest bid price over the fifteen (15) trading days preceding the conversion notice.	12,500	12,500
On June 27, 2016, we entered into a Convertible Debenture with Far North Global, LLC ("First Global Note"). The Note bears interest at 8%, with a maturity date of April 14, 2017, and is convertible at 50% of the lowest traded price over the 10 trading days preceding the conversion notice.	16,000	16,000
On June 6, 2016, we entered into a Convertible Debenture with BB Winks, LLC ("Sixth BB Winks Note"). The Note bears interest at 10%, with a maturity date of June 6, 2017, and is convertible at the lesser of a) \$2.55 per share or b) 60% of the current bid price at the time of conversion, but not less than \$0.0255 per share.	3,000	3,000
On May 20, 2016, we entered into a Convertible Debenture with BB Winks, LLC ("Fifth BB Winks Note"). The Note bears interest at 10%, with a maturity date of May 20, 2017, and is convertible at the lesser of a) \$2.55 per share or b) 60% of the current bid price at the time of conversion, but not less than \$0.0255 per share.	2,500	2,500
On May 20, 2016, we entered into a Convertible Debenture with BB Winks, LLC ("Fourth BB Winks Note"). The Note bears interest at 10%, with a maturity date of May 20, 2017, and is convertible at the lesser of a) \$2.55 per share or b) 60% of the current bid price at the time of conversion, but not less than \$0.0255 per share.	20,000	20,000
On May 20, 2016, we assumed a \$29,000 Convertible Debenture from Top Shelf Brands Holdings Corporation as owed to Steve and Monica Mazzo ("First Mazzo Note") that originated on October 20, 2014. The Note bears interest at 12%, with a maturity date of October 20, 2017, is convertible at the lesser of a) \$0.0255 per share or b) 50% of the closing bid price over the ten (10) trading days preceding the conversion notice, but not less than \$0.0255 per share. On May 20, 2016, a total of \$14,500 of principal was converted into 568,628 shares of common stock.	14,500	14,500

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On May 12, 2016, we entered into a Convertible Debenture with ValueCorp Trading Co (“Seventh ValueCorp Note”). The Note bears interest at 8%, with a maturity date of May 12, 2017, and is convertible at the lesser of a) \$2.55 per share or b) 50% of the closing bid price at the time of conversion.	3,000	3,000
On May 9, 2016, we entered into a Convertible Debenture with ValueCorp Trading Co (“Sixth ValueCorp Note”). The Note bears interest at 8%, with a maturity date of May 9, 2017, and is convertible at 50% of the lowest traded price over the 10 trading days preceding the conversion notice.	2,000	2,000
On May 6, 2016, we entered into a Convertible Debenture with ValueCorp Trading Co (“Fifth ValueCorp Note”). The Note bears interest at 8%, with a maturity date of May 6, 2017, and is convertible at 50% of the lowest traded price over the 10 trading days preceding the conversion notice.	3,000	3,000
On April 14, 2016, we entered into a Convertible Debenture with Rockwell Capital Partners (“Sixth Rockwell Note”). The non-interest bearing Note with a maturity date of April 14, 2018, is convertible at 50% of the lowest traded price over the ten (10) trading days preceding the conversion notice. On May 30, 2017, a total of \$5,000 of principal was converted into 392,157 shares of common stock.	5,000	5,000
On March 12, 2016, we entered into a Convertible Debenture with Sign and Drive Motors Inc. (“Third Sign and Drive Note”). The non-interest bearing Note with a maturity date of March 12, 2018, is convertible at 50% of the lowest traded price over the 10 preceding trading days.	2,000	2,000
On March 4, 2016, we entered into a Convertible Debenture with Sign and Drive Motors Inc. (“Second Sign and Drive Note”). The non-interest bearing Note with a maturity date of March 4, 2018, is convertible at 50% of the lowest traded price over the 10 preceding trading days.	7,000	7,000
On February 12, 2016, we entered into a Convertible Debenture with ValueCorp Trading Co (“Fourth ValueCorp Note”). The Note bears interest at 10%, with a maturity date of February 12, 2017, and is convertible at the lesser of a) \$2.55 per share or b) 50% of the closing bid price at the time of conversion.	2,500	2,500
On February 12, 2016, we entered into a Convertible Debenture with Blackbridge Capital, LLC (“First Blackbridge Note”) who purchased and was assigned a \$1,000 of debt from the First ODM Note. The Note bears interest at 10%, with a maturity date of February 12, 2017, and is convertible at the lesser of a) \$2.55 per share or b) 60% of the current bid price at the time of conversion, but not less than \$0.0255 per share. The note is currently in default.	1,000	1,000
On February 12, 2016, we entered into a Convertible Debenture with BB Winks, LLC (“Third BB Winks Note”). The Note bears interest at 10%, with a maturity date of February 12, 2017, and is convertible at the lesser of a) \$2.55 per share or b) 60% of the current bid price at the time of conversion, but not less than \$0.0255 per share.	2,500	2,500
On January 7, 2016, we entered into a Convertible Debenture with an individual investor (“First Barker Note”). The Note bears interest at 10%, with a maturity date of January 7, 2018, is convertible at 50% of the lowest traded price over the ten (10) trading days preceding the conversion notice.	15,000	15,000

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On December 15, 2015, we entered into a Convertible Debenture with TB Financial, LLC ("First TB Note"). The Note bears interest at 8%, with a maturity date of December 15, 2016, is convertible at 50% of the lowest traded price over the ten (10) trading days preceding the conversion notice. The note is currently in default.	5,000	5,000
On December 2, 2015, we entered into a Convertible Debenture with ValueCorp Trading Co ("Third ValueCorp Note"). The Note bears interest at 10%, with a maturity date of December 2, 2016, and is convertible at the lesser of a) \$2.55 per share or b) 50% of the closing bid price at the time of conversion. The note is currently in default.	12,500	12,500
On November 4, 2015, we entered into a Convertible Debenture with BB Winks, LLC ("Second BB Winks Note"). The Note bears interest at 10%, with a maturity date of November 4, 2016, and is convertible at the lesser of a) \$2.55 per share or b) 50% of the current bid price at the time of conversion, but not less than \$0.0255 per share. The note is currently in default.	5,000	5,000
On October 14, 2015, we entered into a Convertible Debenture with Post Oak, LLC ("Second Post Oak Note"). The Note bears interest at 8%, with a maturity date of October 14, 2016, and is convertible at the lesser of a) \$2.55 per share or b) 50% of the lowest bid price over the fifteen (15) trading days preceding the conversion notice. The note is currently in default. On April 23, 2017, a total of \$15,000 of principal was converted into 1,176,471 shares of common stock. On January 13, 2018, \$295 of principal was converted into 2,950,000 shares of common stock. On May 11, 2018, principal in the amount of \$16,062 was converted into 3,569,333 shares of common stock.	13,643	30,000
On September 3, 2015, we entered into a Convertible Debenture with Post Oak, LLC ("Second Post Oak Note"). The Note bears interest at 8%, with a maturity date of September 3, 2016, and is convertible at the lesser of a) \$2.55 per share or b) 50% of the lowest bid price over the fifteen (15) trading days preceding the conversion notice.	250,000	250,000
On June 29, 2015, we entered into a Convertible Debenture with Strategic Tactical Asset Trading, LLC ("First STAT Note"). On February 9, 2016, the lender converted \$250 principal for 98,039 shares of common stock. The Note bears interest at 10%, with a maturity date of June 29, 2016, and is convertible at 50% of the lowest bid price on the date immediately preceding the conversion notice. The note is currently in default.	4,750	4,750
On May 22, 2015, we entered into a Convertible Debenture with Ray Ciarello ("First Ciarello Note"). The Note bears interest at 8%, with a maturity date of May 22, 2016, and is convertible at the lesser of \$2.55 or 50% of the lowest market value over the 25 trading days immediately preceding the conversion notice. The note is currently in default. On April 7, 2017, a total of \$5,600, consisting of \$5,000 of principal and \$600 of interest, was converted into 439,216 shares of common stock.	2,500	2,500

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On May 5, 2015, we entered into a Convertible Debenture with LOMA Management Partners (“Second LOMA Note”). The Note bears interest at 8%, with a maturity date of November 5, 2015, and is convertible at the lesser of a) \$2.55 per share or b) 50% of the lowest bid price over the fifteen (15) trading days preceding the conversion notice.	20,000	20,000
On April 8, 2015, we entered into a Convertible Debenture with an individual investor (“First Roth Note”). The Note bears interest at 10%, with a maturity date of April 8, 2016, is convertible at 50% of the lowest bid price on the date immediately preceding the conversion notice. On February 9, 2016, the lender converted \$2250 principal for 98,039 shares of common stock. The note is currently in default.	2,250	2,250
On March 20, 2015, we entered into a Convertible Debenture with an individual investor (“Second Rosenthal Note”). The Note bears interest at 10%, with a maturity date of March 20, 2016, is convertible at 50% of the lowest bid price on the date immediately preceding the conversion notice.	8,500	8,500
On March 6, 2015, we entered into a Convertible Debenture with MVD Group, LLC (“First MVD Note”). The Note bears interest at 12%, with a maturity date of March 6, 2016, and is convertible at the greater of a) \$0.0255 per share or b) 50% of the lowest bid price over the ten (10) days immediately preceding the conversion notice. The note is currently in default.	21,000	21,000
On January 26, 2015, we entered into an Amended and Restated Convertible Debenture with Plus Odds, Inc. to amend and restate the convertible debenture issued to Plus Odds, Inc. (“First Plus Odds Note”), pursuant to which a total of 280,850,000 shares of common stock previously held by First Plus Odds and its affiliates were cancelled and returned to treasury in exchange for the convertible promissory note bearing interest at 3% per annum. The Note has a maturity date of January 31, 2016, and is convertible at the greater of (i) an amount equal to the volume weighted average price (the “VWAP”) of the closing bid price on the trading day immediately preceding the conversion notice (up to \$50K convertible per day, providing the VWAP was not below \$0.50 per share) or (ii) fifty cents (\$0.50) per share. On March 23, 2017, the Company and the holder agreed to amend the note to extend the maturity date to January 15, 2018, increased the interest rate to 8%, payable quarterly, and revised the conversion terms to enable the holder to convert up to \$25,000 at a time at a conversion rate equal to 50% of the lowest closing traded price over the preceding 15 days from the conversion notice. The Note was sold and assigned to GPL Ventures, LLC. Note was exchanged for a new note on April 12, 2017 (“First GPL Note”), with a maturity date of April 12, 2018, bearing interest at 8% and convertible at 50% of the lowest traded price over the 20 trading days preceding notice of conversion. Between May 12, 2017 and July 5, 2017, a total of \$125,000 of principal was converted into a total of 9,803,922 shares of common stock.	140,000	140,000

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On December 10, 2013, we entered into a Consolidated Convertible Note Agreement with Don Morrison ("First Morrison Note"), pursuant to which we settled \$9,364 of outstanding accounts payable owed to Mr. Morrison in exchange for a convertible promissory note bearing interest at 10% per annum. The Note had a maturity date of January 10, 2015, and is convertible at the lesser of (i) \$0.00255 per share or (ii) fifty percent (50%) of the average closing bid price for the Company's common stock over the ten (10) trading days immediately preceding (a) the Holder's receipt of shares pursuant to such Conversion or payment, or (b) Notice of such Conversion. The Note can be prepaid by us at a 150% premium after one year from the origination date of the note with a thirty (30) day written notice. The note holder sold and assigned the note to a third party ("First ODM Note") who subsequently converted a total of \$6,128 in exchange for an aggregate of 289,264,500 shares on various dates between March 10, 2015 and May 22, 2016. In addition, another \$1,000 of principal was sold and assigned to a third party (Blackbridge Note #1) on February 12, 2016.

	\$ 2,236	\$ 2,236
Total convertible notes payable	855,329	912,136
Less: unamortized debt discounts	(30,146)	(67,517)
Convertible notes payable, net of discounts	<u>\$ 825,183</u>	<u>\$ 844,619</u>

In accordance with ASC 470-20 Debt with Conversion and Other Options, the Company recorded total discounts of \$0 and \$115,531 for the variable conversion features of the convertible debts incurred during the six months ended June 30, 2018 and the year ended December 31, 2017, respectively. The discounts are being amortized to interest expense over the term of the debentures using the effective interest method.

The shares of common stock issuable upon conversion of the Notes listed above will be restricted securities as defined in Rule 144 promulgated under the Securities Act of 1933. The terms of each convertible note placed a "maximum share amount" on the note holder that can be owned as a result of the conversions to common stock by the note holder of 4.99% of the issued and outstanding shares of the Company.

The Company recognized interest expense for the three months ended June 30, 2018 and 2017, respectively, as follows:

	June 30, 2018	June 30, 2017
Interest on convertible notes	\$ 19,396	\$ 19,728
Amortization of debt discounts	14,403	24,342
Total interest expense	<u>\$ 33,799</u>	<u>\$ 70,045</u>

The Company recognized interest expense for the six months ended June 30, 2018 and 2017, respectively, as follows:

	June 30, 2018	June 30, 2017
Interest on convertible notes	\$ 39,247	\$ 44,531
Amortization of debt discounts	37,371	43,053
Total interest expense	<u>\$ 76,618</u>	<u>\$ 113,594</u>

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Note 8 – Officer Loan

Officer loan consists of the following at June 30, 2018 and December 31, 2017, respectively:

	<u>June 30, 2018</u>	<u>December 31, 2017</u>
On April 27, 2017, the Company received a non-cash, unsecured, loan of \$9,000 from the Company's officer via a personal settlement payment on the Company's behalf. The non-interest-bearing loan is due on demand. During the three months ended June 30, 2018, the Company began to accrue the officer's salary, and offset this accrued salary against the loan. See note 3.	\$ -	\$ 9,000

Note 9 – Derivative Liabilities

As discussed in Note 7 under Convertible Notes Payable, the Company issued debts that consist of the issuance of convertible notes with variable conversion provisions. The conversion terms of the convertible notes are variable based on certain factors, such as the future price of the Company's common stock. The number of shares of common stock to be issued is based on the future price of the Company's common stock. The number of shares of common stock issuable upon conversion of the promissory note is indeterminate. Due to the fact that the number of shares of common stock issuable could exceed the Company's authorized share limit, the equity environment is tainted, and all additional convertible debentures and warrants are included in the value of the derivative. Pursuant to ASC 815-15 Embedded Derivatives, the fair values of the variable conversion option and warrants and shares to be issued were recorded as derivative liabilities on the issuance date.

The fair values of the Company's derivative liabilities were estimated at the issuance date and are revalued at each subsequent reporting date. The Company recognized current derivative liabilities of \$3,470,703 and \$837,272 at June 30, 2018 and December 31, 2017, respectively. The change in fair value of the derivative liabilities resulted in a loss of \$2,414,415 and a gain of \$362,045 for the three months ended June 30, 2018 and 2017, respectively; the change in fair value of the derivative liabilities resulted in losses of \$2,863,360 and \$52,601 during the six months ended June 30, 2017 and 2018, respectively. These gains and losses have been reported within other expense in the statements of operations.

The following is a summary of changes in the fair market value of the derivative liability during the six months ended June 30, 2018 and the year ended December 31, 2017:

	Derivative Liability Total
Balance, December 31, 2016	\$ 249,800
Increase due to issuances of convertible notes payable	151,616
Change in fair market value of derivative liabilities adjustment	497,481
Debt Conversions	(61,625)
Balance, December 31, 2017	\$ 837,272
Change in fair market value of derivative liabilities adjustment	2,863,360
Debt conversions	(229,929)
Balance, June 30, 2018	<u>\$ 3,470,703</u>

Note 10 – Changes in Stockholders' Equity (Deficit)

Stock Split and Amendment to Articles of Incorporation

On September 6, 2016, the Company amended its Articles of Incorporation to change the Par Value of its Common and Preferred Stock from \$0.00001 to \$0.001 per share, and amend its authorized capital stock to consist of (i) 480 million shares of common stock, \$0.001 par value, and (ii) 20 million shares of preferred stock, \$0.001 par value, designated as Series A and Series E preferred stock.

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On September 12, 2017, a reverse stock split of 1:255 of common stock became effective. All disclosures, herein, have been restated to present the adjusted effects of the stock split.

Convertible Series B Preferred Stock

On August 16, 2016, the Company designated 100,000 shares of its 50,000,000 authorized shares of Preferred Stock as Convertible Series B Preferred Stock ("Series B") with a \$5.00 par value. On June 21, 2018, the amended its Articles of Incorporation with the State of Nevada to reduce the total number of shares of common stock authorized to 200,000,000 and the total number of shares of preferred stock authorized to 20,000,000.

Series A & E Preferred Stock

Pursuant to an amendment to the Company's Articles of Incorporation on September 6, 2017, the Company has 20,000,000 authorized shares of Preferred Stock, of which 1,000,000 shares of \$0.001 par value Series E Preferred Stock ("Series E") have been designated and issued. The Series E ranks subordinate and junior to all of the Corporation's common stock, carries no dividends, has no liquidation participation rights and are not redeemable. The collective outstanding shares of Series E Preferred Stock are entitled to twice the number of votes of all outstanding shares of capital stock such that the holders of outstanding shares of Series E shares shall always constitute sixty-six and two thirds (66 2/3rds) of the voting rights of the Corporation. The holders of shares of Common Stock and Series E Preferred Stock shall vote together and not as separate classes. On June 21, 2018, the amended its Articles of Incorporation with the State of Nevada to reduce the total number of shares of common stock authorized to 200,000,000 and the total number of shares of preferred stock authorized to 20,000,000.

On March 6, 2015, the Company issued 1,000,000 shares of Series E Preferred Stock to Alonzo Pierce, the Company's President and Chairman of the Board for services provided.

Common Stock

Pursuant to an amendment to the Company's Articles of Incorporation on September 6, 2016, the Company has 480,000,000 authorized shares of \$0.001 par value Common Stock. On June 21, 2018, the amended its Articles of Incorporation with the State of Nevada to reduce the total number of shares of common stock authorized to 200,000,000 and the total number of shares of preferred stock authorized to 20,000,000.

Common Stock Issuances for Debt Conversions (2018)

During the three months ended March 31, 2018, the Company issued a total of 13,325,000 shares of common stock pursuant to the conversion of an aggregate \$13,545 of debt, consisting of \$12,795 of principal and \$750 of accrued interest. The notes were converted in accordance with the conversion terms; therefore, no gain or loss has been recognized.

During the three months ended June 30, 2018, the Company issued a total of 7,370,066 shares of common stock pursuant to the conversion of an aggregate \$22,154 of debt, consisting of \$21,512 of principal and \$642 of accrued interest. A loss in the aggregate amount of \$77,784 was recognized on the conversions.

Common Stock Issuances for Debt Conversions (2017)

During the three months ended March 31, 2017, the Company issued a total of 5,152,864 shares of common stock pursuant to the conversion of an aggregate \$133,312 of debt, consisting of \$110,500 of principal and \$22,812 of interest. The notes were converted in accordance with the conversion terms; therefore, no gain or loss has been recognized.

Common Stock Issuances for Services (2018)

None.

Common Stock Issuances for Services (2017)

In February 2017, the Company granted 313,725 shares of common stock to consultants for services rendered. The fair value of the common stock was \$88,000 based on the closing price of the Company's common stock on the date of grant.

Common Stock Cancellations (2017)

On February 23, 2017, the Company cancelled a total of 196,078 shares of common stock previously issued for non-performance of services.

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On February 10, 2017, the Company cancelled 196,078 shares of common stock previously issued for non-performance of services.

Common Stock Subscribed (2018)

During the three months ended March 31, 2018, the Company received an aggregate \$50,950 representing subscriptions for a total of 3,880,817 shares of common stock. During the three months ended June 30, 2018, the Company received an additional \$262,606 representing subscriptions for a total of 7,502,020 shares of common stock.

Note 11 – Commitments and Contingencies

Legal Proceedings

The Company may be subject to legal proceedings and claims arising from contracts or other matters from time to time in the ordinary course of business. Management is not aware of any pending or threatened litigation where the ultimate disposition or resolution could have a material adverse effect on its financial position, results of operations or liquidity.

Settlement Agreement

In April of 2017, the Company entered into a settlement agreement with regard to disputed compensation owed to a former employee. Pursuant to the settlement agreement, the Company is to pay a total of \$72,000 over eight monthly payments of \$9,000 commencing on April 28, 2017. The Company President made a payment of \$9,000 on April 27, 2017, this amount is included in loan payable related party as of December 31, 2017. During the three months ended March 31, 2018, the Company made payments to the President in the net amount of \$9,650 on this loan; at March 31, 2018, the balance on this loan was \$4,090. During the three months ended June 30, 2018, the Company offset the balance of this loan against accrued salary due to the President; see note 3.

During 2017, seven of the payments were missed and the Company accrued an additional \$3,500 of late fee penalties in accordance with the agreement. The late fee penalties and settlement liability are included in accrued expenses as of June 30, 2018 and December 31, 2017.

Note 12 – Paradigm Home Health Agreement

In January 2018, the Company entered into an agreement with Paradigm Home Health (“PHH”) whereby the Company would assist PHH in the management of its services (the “PHH Agreement”). During the three months ended June 30, 2018, the Company recognized revenue and costs in the amounts of \$85,732 and \$87,551, respectively, pursuant to the PHH agreement; During the six months ended June 30, 2018, the Company recognized revenue and costs in the amounts of \$133,086 and \$121,835, respectively, pursuant to the PHH agreement. The Company and PHH share equally in any profits or losses generated pursuant to the PHH Agreement.

Note 13 – Technology Development

On June 6, 2018, the Company entered into an agreement with Bengala Technologies, LLC, a blockchain consulting and developing company (the “Blockchain Software Development Agreement”) to co-develop and market a blockchain-based platform to streamline industry related business services and logistics. The development of the platform is in its preliminary stages. The Company has agreed to pay the total amount of \$72,000 to Bengala Technologies, LLC, pursuant to the Blockchain Software Development Agreement; during the three months ended June 30, 2018, the Company made a cash payment in the amount of \$30,000, with the remaining balance of \$42,000 due over the following three months.

Note 14 – Subsequent Events

The Company has evaluated subsequent events through the date of issuance of the financial statements and none were noted.

